

**NEW ISSUE
(Book Entry Only)**

**S&P Rating - A
See "RATING" herein.**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes, except as described in this Official Statement, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, stated interest on the Bonds is exempt from income taxation by the State of Missouri. See "TAX MATTERS" in this Official Statement.

MISSOURI DEVELOPMENT FINANCE BOARD

\$33,645,000

**Infrastructure Facilities Leasehold Revenue Bonds
(City of Independence, Missouri – Electric System Projects)
Series 2010B**

Dated: November 15, 2010

Due: See Inside Cover Page

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Bonds will be paid from moneys available therefore under the Indenture (herein defined) by Commerce Bank, N.A., Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Bonds will be due as shown on the inside cover page. Interest on the Bonds will be payable on each June 1 and December 1, beginning on June 1, 2011.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS-Redemption."

The Bonds will be payable solely from, and will be secured by: (i) lease payments (defined herein) made by the City, pursuant to the annually renewable Lease Purchase Agreement described herein between the Missouri Development Finance Board (the "Board") and the City of Independence, Missouri (the "City"); (ii) a leasehold interest granted in the facilities financed with the proceeds of the Bonds (the "Leased Property"), and (iii) certain other funds held by the Trustee under the Indenture. See "**SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS.**"

THE BONDS ARE NOT AN INDEBTEDNESS OF BOARD, THE CITY, THE STATE OF MISSOURI OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE OF MISSOURI. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFORE OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT, EXCEPT AS OTHERWISE DESCRIBED HEREIN. THE BOARD HAS NO TAXING POWER.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without any notice and to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed on for the City by Allen Garner, City Counselor, Independence, Missouri, and for the Board by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about December 15, 2010.

PiperJaffray®

The date of this Official Statement is November 16, 2010

MISSOURI DEVELOPMENT FINANCE BOARD

\$33,645,000

**Infrastructure Facilities Leasehold Revenue Bonds
(City of Independence, Missouri – Electric System Projects)
Series 2010B**

Dated: November 15, 2010

Due: June 1 as shown below

Maturity Schedule

Serial Bonds

<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Offering Prices</u>
2011	\$2,395,000	2.000%	100.412%
2012	3,225,000	3.000	102.276
2013	3,320,000	3.000	103.046
2014	4,030,000	4.000	106.035
2015	1,500,000	4.000	106.207
2016	1,560,000	4.000	105.362
2017	1,625,000	5.000	109.817
2018	1,705,000	5.000	108.951
2019	1,790,000	5.000	107.861
2020	630,000	4.000	98.911
2020	1,250,000	5.000	106.674

Term Bonds

\$2,560,000 Term Bonds due June 1, 2028, Interest Rate: 4.750%, Offering Price: 97.677%

\$8,055,000 Term Bonds due June 1, 2035, Interest Rate: 5.250%, Offering Price: 97.312%

Enforcement of Remedies

The enforcement of the remedies related to the Bonds, the Base Lease and the Lease Purchase Agreement may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

Amendment of the Documents

Certain amendments to the Indenture and the Lease Purchase Agreement may be made without the consent of or notice to the registered owners of the Bonds. Such amendments may adversely affect the security for the Bonds.

PLAN OF FINANCE

Estimated Sources and Uses of the Proceeds of the Bonds

The City will use the proceeds from the sale of the Bonds for the purposes described below under the caption "**The Project.**" The proceeds from the sale of the Bonds together with future series of Additional Bonds or other financing anticipated to be issued for the Project are currently estimated to be applied as follows:

Sources of Funds:

	<u>Series 2009D</u> <u>Bonds</u>	<u>Series 2010B</u> <u>Bonds</u>	<u>Future Series</u> <u>of Bonds</u>	<u>Total</u>
Principal amount	\$31,415,000.00	\$33,645,000.00	\$48,630,000.00	\$113,690,000.00
Original Issue Premium /(Discount)	(654,408.80)	857,788.10	-	\$203,379.30
Accrued Interest	<u>49,134.09</u>	<u>118,003.13</u>	<u>0.00</u>	<u>167,137.22</u>
Total sources of funds	\$30,809,725.29	\$34,620,791.23	\$48,630,000.00	\$114,060,516.52

Uses of Funds:

	<u>Series 2009D</u> <u>Bonds</u>	<u>Series 2010B</u> <u>Bonds</u>	<u>Future Series</u> <u>of Bonds</u>	<u>Total</u>
Deposit to the Project Fund	\$27,250,976.45	\$23,595,595.95	\$43,210,000.00	\$94,056,572.40
Debt Service Reserve Fund	2,825,082.68	2,524,312.36	4,440,421.41	9,789,816.45
Debt Service Fund	49,134.09	118,003.13	0.00	167,137.22
Refunding Deposit	-	7,639,983.96	-	7,639,983.96
Costs of Issuance [†]	<u>684,532.07</u>	<u>742,895.83</u>	<u>979,578.59</u>	<u>2,407,006.49</u>
Total uses of funds	\$30,809,725.29	\$34,620,791.23	\$48,630,000.00	\$114,060,516.52

[†]Costs of Issuance include underwriter's discount.

The Project

General. The City anticipates that in the years 2009 through 2014 it will need to fund over \$100,000,000 in projects for the Electric System. Approximately \$50,846,572.40 of this amount will be funded with the proceeds of the Series 2009D Bond and the Bonds. In 2008 the City adopted a rate plan that provides annual rate increases in the years 2009 through 2012. This rate plan will fund these projects, which can be generally described as expenditures for either the Production portion or the Transmission and Distribution portion of the Electric System. The City anticipates the issuance of Additional Bonds, or bonds secured in the same manner as the Bonds but under a separate Indenture, in future years to complete future phases of the Project. The items listed below are only those portions of the Project to be funded in whole or in part from the proceeds of the Bonds.

Anticipated Electric Production Projects. The City operates five coal-fired steam generating units located at two different plant sites (Blue Valley and Missouri City) and seven combustion turbine units located at four different locations (Blue Valley RCT, Substation H, Substation I and Substation J) on the City's electrical system. The City will undertake various projects related to these generating facilities to maintain their reliable operation, as well as to maintain insurance coverage on the generating facilities. Production system improvements to be funded in whole or in part from the proceeds of the Bonds include boiler tube repair, turbine/generator inspection/repair, cooling tower replacement project, turbine operational safety project, power cabling replacement project, coal handling project and other smaller miscellaneous projects at the Blue Valley generating facility and digital controls replacement for each combustion turbine and hot gas path inspection for the combustion turbines at Substations I and J. Additional expenses that may be funded will include engineering, permitting and similar costs related to evaluation of the construction of a new generation facility to supply power to the System.

Anticipated Electric Transmission and Distribution Projects. Transmission and Distribution system improvements to be funded in whole or in part from the proceeds of the Bonds include a new 161 kilovolt transmission line and associated substation terminal project, replacement of 69 kilovolt underground transmission conductor, fiber optic data communication system, a new system operation backup facility, overhead to underground line conversion projects, and major distribution line projects.

The Leased Property will consist of the equipment and facilities acquired with the proceeds of the Bonds to complete the Project. For further information on the Electric System, see **Appendix A**.

Refunding of the Refunded Bonds

From the proceeds of the Bonds, the City will deposit in escrow with First Bank of Missouri, Gladstone, Missouri, the paying agent for the Refunded Bonds an amount sufficient to defease, redeem and pay the Refunded Bonds. The redemption will occur on December 16, 2010.

TAX MATTERS

Opinion of Bond Counsel

Federal Income Tax Exemption. In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations; but the interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Board and the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Board and the City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Original Issue Discount. In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond purchased in the original offering at a price less than the principal amount thereof, to the extent properly allocable to each owner of such Bond, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Bond over its initial offering price to the public (excluding underwriters and intermediaries) at which price a substantial amount of the Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount